

HOUSE BILL NO. 268

INTRODUCED BY B. LAKE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE CONDITIONS UNDER WHICH AND THE PROCESS BY WHICH THE GOVERNOR SHALL DIRECT AGENCIES TO REDUCE GENERAL FUND SPENDING; AMENDING SECTION 17-7-140, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 17-7-140, MCA, is amended to read:

"17-7-140. Reduction in spending. (1) (a) As the chief budget officer of the state, the governor shall ensure that the expenditure of appropriations does not exceed available revenue. Except as provided in subsection (2), in the event of a projected general fund budget deficit, the governor, taking into account the criteria provided in subsection ~~(1)(b)~~ (3)(c), shall direct agencies to reduce spending in an amount that ensures that the projected ending general fund balance for the biennium will be at least 1% of all general fund appropriations during the biennium. An agency may not be required to reduce general fund spending for any program, as defined in each general appropriations act, by more than 10% during a biennium. Departments or agencies headed by elected officials or the board of regents may not be required to reduce general fund spending by a percentage greater than the percentage of general fund spending reductions required for the total of all other executive branch agencies. The legislature may exempt from a reduction an appropriation item within a program or may direct that the appropriation item may not be reduced by more than 10%.

(b) The governor shall direct agencies to manage their budgets in order to reduce general fund expenditures. Prior to directing agencies to reduce spending as provided in subsection (1)(a), the governor shall direct each agency to analyze the nature of each program that receives a general fund appropriation to determine whether the program is mandatory or permissive and to analyze the impact of the proposed reduction in spending on the purpose of the program. An agency shall submit its analysis to the office of budget and program planning and shall at the same time provide a copy of the analysis to the legislative fiscal analyst. The office of budget and program planning shall review each agency's analysis, and the budget director shall submit to the governor a copy of the office of budget and program planning's recommendations for reductions in spending. The budget director shall provide a copy of the recommendations to the legislative fiscal analyst at the time that the

1 recommendations are submitted to the governor and shall provide the legislative fiscal analyst with any proposed
2 changes to the recommendations. The legislative finance committee shall meet within 20 days of the date that
3 the proposed changes to the recommendations for reductions in spending are provided to the legislative fiscal
4 analyst. The legislative fiscal analyst shall provide a copy of the legislative fiscal analyst's review of the proposed
5 reductions in spending to the budget director at least 5 days before the meeting of the legislative finance
6 committee. The committee may make recommendations concerning the proposed reductions in spending. The
7 governor shall consider each agency's analysis and the recommendations of the office of budget and program
8 planning and the legislative finance committee in determining the agency's reduction in spending. Reductions in
9 spending must be designed to have the least adverse impact on the provision of services determined to be most
10 integral to the discharge of the agency's statutory responsibilities.

11 (2) Reductions in spending for the following may not be directed by the governor:

- 12 (a) payment of interest and principal on state debt;
13 (b) the legislative branch;
14 (c) the judicial branch;
15 (d) the school BASE funding program, including special education;
16 (e) salaries of elected officials during their terms of office; and
17 (f) the Montana school for the deaf and blind.

18 (3) (a) As used in this section, "projected general fund budget deficit" means an amount, ~~certified by the~~
19 ~~budget director to the governor~~, by which the projected ending general fund balance for the biennium is less than:

20 (i) ~~2% 4%~~ of the general fund appropriations for the second fiscal year of the biennium if the projection
21 is made prior to October of the year preceding a regular legislative session;

22 (ii) ~~3/4 of 1% in October~~ 1.5% of the general fund appropriations for the second fiscal year of the
23 biennium if the projection is made between October 1 and December 31 of the year preceding a regular
24 legislative session;

25 (iii) ~~1/2 of 1% in~~ of the general fund appropriations for the second fiscal year of the biennium if the
26 projection is made between January 1 and March 1 of the year in which a regular legislative session is convened;
27 and

28 (iv) ~~1/4 1/2 of 1% in~~ of the general fund appropriations for the second fiscal year of the biennium if the
29 projection is made after March 1 of the year in which a regular legislative session is convened.

30 (b) The governor shall consider that a projected general fund budget deficit exists and direct the

1 spending reductions required by this section when the budget director certifies to the governor that a projected
2 general fund budget deficit exists.

3 ~~(b)~~(c) In determining the amount of the projected general fund budget deficit, the budget director shall
4 take into account revenue, established levels of appropriation, anticipated supplemental appropriations for school
5 equalization aid, and anticipated reversions.

6 (4) (a) If the budget director determines that an amount of actual or projected receipts will result in an
7 amount less than the amount projected to be received in the revenue estimate established pursuant to 5-5-227,
8 the budget director shall notify the revenue and transportation interim committee of the estimated amount.

9 (b) Within 20 days of notification, the revenue and transportation interim committee shall provide the
10 budget director with any recommendations concerning the amount.

11 (c) The budget director shall consider any recommendations of the revenue and transportation interim
12 committee prior to certifying a projected general fund budget deficit to the governor."

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14 NEW SECTION. **Section 2. Effective date.** [This act] is effective on passage and approval.

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